

HOUSE BILL REPORT

HJM 4015

As Reported by House Committee On:
Children & Family Services

Brief Description: Opposing privatization of social security.

Sponsors: Representatives Simpson, Clibborn, B. Sullivan, Takko, Ormsby, Morrell, Darneille, Appleton, Kessler, Williams, Chase, Conway, Hasegawa, Wood and Dickerson.

Brief History:

Committee Activity:

Children & Family Services: 3/2/05 [DP].

Brief Summary of Bill

- Opposes diverting Social Security payroll contributions in order to fund retirement investment accounts.
- Opposes any effort to cut benefits or increase eligibility thresholds for Social Security.
- Opposes any effort to use Social Security Trust Fund surpluses for any tax cut.
- Supports examining increases in employers' tax rates and raising the payroll tax earning cap as acceptable methods for providing a guaranteed living income and insuring the long-term financial viability of Social Security.
- Opposes all efforts to privatize Social Security in any manner.

HOUSE COMMITTEE ON CHILDREN & FAMILY SERVICES

Majority Report: Do pass. Signed by 5 members: Representatives Kagi, Chair; Roberts, Vice Chair; Darneille, Dickerson and Pettigrew.

Minority Report: Do not pass. Signed by 4 members: Representatives Hinkle, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Dunn and Haler.

Staff: Cynthia Forland (786-7152).

Background:

Social Security is a social insurance system established in 1935 to provide benefits to workers and their family members upon retirement, disability, or death. It is an earned benefit insurance program, which means that only those who work and pay taxes are eligible for Social Security benefits. According to the most recent data, Social Security provides monthly benefits to 47 million beneficiaries. In 2001, Social Security paid a total of \$471 billion to retired workers, disabled workers, and to the surviving family members of deceased workers.

Social Security offers mainly retirement benefits, but workers can receive four different types of benefits under Social Security: retirement, early retirement, disability, and survivorship benefits. Workers are entitled to retirement benefits if they have contributed to Social Security for at least 10 years, and if they have reached 65 years of age, or 67 years of age for those born after 1959. Early retirement benefits are available to workers, at a reduced benefit rate, if they have contributed to Social Security for at least 10 years, and if they have reached the earliest age at which benefits can be paid, which is currently 62 years of age. Workers are also insured in case they become disabled and can no longer work. The number of years that are required to receive disability benefits varies with the age of a worker. Social Security offers life-insurance type benefits to workers. If a worker dies, that worker's family receives benefits from Social Security. Survivorship benefits are paid if the deceased worker has, on average, worked at least one quarter for each year after the worker reached 21 years of age.

Summary of Bill:

With regard to Social Security, the following is opposed:

- diverting payroll contributions in order to fund retirement investment accounts;
- any effort to cut benefits or increase eligibility thresholds;
- any effort to use Trust Fund surpluses for any tax cut; and
- all efforts to privatize the system in any manner.

Examining increases in employers' tax rates and raising the payroll tax earning cap as acceptable methods for providing a guaranteed living income and insuring the long-term financial viability of Social Security is supported.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: (In support) Estimates vary on the solvency of the Social Security program and the costs of private investment accounts, as well as other possible reforms. Private investment accounts that are carved out of Social Security are strongly opposed. Any efforts to privatize Social Security are opposed. The promise of Social Security should not have an expiration date. Social Security is the only guaranteed, inflation-proof, life-long benefit that millions of workers can count on. We should not be talking about replacing this rock-solid guarantee with a risky gamble.

Testimony Against: None.

Persons Testifying: Gene Forrester, American Association of Retired Persons, National Legislative Council and Senior Citizens' Lobby; and Bruce Reeves, Senior Citizens' Lobby.

Persons Signed In To Testify But Not Testifying: None.